

VILLAGE OF CAMDEN

AUDIT REPORT

FEBRUARY 28, 2007

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>VILLAGE OF CAMDEN</b>	County <b>HILLSDALE</b>
Fiscal Year End <b>02/28/07</b>	Opinion Date <b>08/14/07</b>	Date Audit Report Submitted to State <b>08/14/07</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

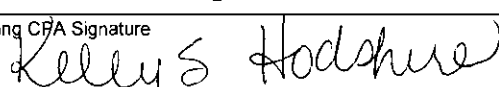
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) <b>BAILEY, HODSHIRE &amp; COMPANY, P.C.</b>		Telephone Number <b>517-849-2410</b>		
Street Address <b>479 E. CHICAGO ROAD</b>		City <b>JONESVILLE</b>	State <b>MI</b>	Zip <b>49250</b>
Authorizing CPA Signature 		Printed Name <b>KELLY S. HODSHIRE</b>		License Number <b>1101020992</b>

## CONTENTS

INDEPENDENT AUDITOR’S REPORT .....	1 - 2	
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	3 - 8	
BASIC FINANCIAL STATEMENTS		
<u>Government-Wide Financial Statements</u>		
Statement of Net Assets .....	9	
Statement of Activities.....	10	
<u>Fund Financial Statements</u>		
Balance Sheet - Governmental Funds .....	11	
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets .....	12	
Statement of Revenue, Expenditures Changes in Fund Balance - Governmental Funds .....	13	
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14	
Statement of Net Assets - Proprietary Funds .....	15	
Statement of Revenue, Expenses, and Changes in Net Assets - Proprietary Funds .....	16	
Statement of Cash Flows - Proprietary Funds.....	17	
<u>Component Units Financial Statements</u>		
Statement of Net Assets .....	18	
Statement of Activities.....	19	
NOTES TO THE FINANCIAL STATEMENTS .....	20 - 28	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	29	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Major Streets Fund .....	30	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Local Streets Fund.....	31	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Fire Fund .....	32	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Cemetery Fund .....	33	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Park Fund .....	34	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		35 - 36

# Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET  
P.O. BOX 215  
JONESVILLE, MI 49250

PHONE: (517) 849-2410  
FAX: (517) 849-2493  
E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Camden  
Camden, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Camden's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of February 28, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2007, on our consideration of Village of Camden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Village Council  
Village of Camden

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 29 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bailey, Hadskire + Company, P.C.*

Jonesville, Michigan

August 14, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

**Introduction**

This section of the Village of Camden's annual financial report presents our discussion and analysis of the Villages financial performance during the year ended February 28, 2007. The reader should use this analysis along with the annual report to gain a complete picture of the Village of Camden for the year ended February 28, 2007. The Village will continue to use fund accounting to record revenues and expenditures in accordance with the Michigan chart of accounts.

**Financial Highlights**

- The Village's assets exceeded its liabilities by \$1,854,917 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,796,936, showing an increase of \$57,981 during the current year.
- The Village's governmental funds reported total ending fund balance of \$626,184, all of which is unreserved and undesignated and available for spending at the Village's discretion. This compares to the prior year ending fund balance of \$564,531, showing a \$61,653 increase during the current year.
- At the end of the current year, unreserved fund balance for the General Fund was \$148,034, or 122% of total General Fund expenditures. This is a decrease of \$3,262 from last year's ending fund balance.

**Overview of the Financial Statements**

The Village's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide financial statements.

Governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide Financial Statements**

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by the private-sector companies.

*Statement of Net Assets* - This statements presents information of all of the Village's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

a useful indicator as to whether the Village's financial position as a whole is improving or deteriorating. To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and the condition of the Village's capital assets.

*Statement of Activities* - This reports how the Village's net assets changed during the fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the taxpayers.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as fire protection, general government, cemetery, streets, and parks. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes one entity in its report - the Local Development Finance Authority. Although legally separate, this component unit is important because the Village is financially accountable for it.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* - Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in a reconciling statement that explains the relationship between them.

Budgetary comparison statements are included as required supplementary information for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget.

*Proprietary Funds* generally report services for which the Village charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report functions presented as business-type activities, while Internal Service Funds primarily service the governmental unit and are included with governmental activities. The Water and Sewer Funds are Enterprise Funds. The Village does not have an Internal Service Fund. Proprietary funds, like the government-wide statements, provide both long- and short- term financial information. In fact, the Village's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.



Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

*Component Units* consist of the Local Development Finance Authority (LDFA). Although the LDFA is legally separate from the Village, it is included in the Village's financial report because the Village is financially accountable for it. The Local Development Finance Authority was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

*Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Required Supplementary Information* can be found immediately following the notes to the financial statements. This information includes budgets and actual statements for major governmental funds.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village's assets exceeded its liabilities by \$1,854,917 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$1,796,936, showing an increase of \$57,981 over the prior year. While the Village reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities. The following table provides a summary of the Village's net assets as of February 28, 2006 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Assets</b>						
Current Assets	\$ 616,454	\$ 693,000	\$ 452,059	\$ 407,218	\$ 1,068,513	\$ 1,100,218
Capital Assets	<u>496,533</u>	<u>446,116</u>	<u>733,338</u>	<u>816,238</u>	<u>1,229,871</u>	<u>1,262,354</u>
Total Assets	<u>\$ 1,112,987</u>	<u>\$ 1,139,116</u>	<u>\$ 1,185,397</u>	<u>\$ 1,223,456</u>	<u>\$ 2,298,384</u>	<u>\$ 2,362,572</u>
<b>Liabilities</b>						
Current Liabilities	\$ 51,923	\$ 66,816	\$ 18,525	\$ 14,839	\$ 70,448	\$ 81,655
Long-term Liabilities	<u>0</u>	<u>0</u>	<u>431,000</u>	<u>426,000</u>	<u>431,000</u>	<u>426,000</u>
Total Liabilities	<u>\$ 51,923</u>	<u>\$ 66,816</u>	<u>\$ 449,525</u>	<u>\$ 440,839</u>	<u>\$ 501,448</u>	<u>\$ 507,655</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	\$ 496,533	\$ 446,116	\$ 297,338	\$ 385,238	\$ 793,871	\$ 831,354
Restricted	0	0	12,208	13,863	12,208	13,863
Unrestricted	<u>564,531</u>	<u>626,184</u>	<u>426,326</u>	<u>383,516</u>	<u>990,857</u>	<u>1,009,700</u>
Total Net Assets	<u>\$ 1,061,064</u>	<u>\$ 1,072,300</u>	<u>\$ 735,872</u>	<u>\$ 782,617</u>	<u>\$ 1,796,936</u>	<u>\$ 1,854,917</u>
Total Liabilities and Net Assets	<u>\$ 1,112,987</u>	<u>\$ 1,139,116</u>	<u>\$ 1,185,397</u>	<u>\$ 1,223,456</u>	<u>\$ 2,298,384</u>	<u>\$ 2,362,572</u>

The Village reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$11,236 for governmental activities and increased \$46,745 for business-type activities; therefore, the Village's overall financial position improved during fiscal year 2007.

The following table reflects the change in net assets of the Village's governmental and business-type activities for the year ended February 28, 2006 and 2007:

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
Program Revenues						
Charges for Services	\$ 34,732	\$ 56,086	\$ 152,334	\$ 185,151	\$ 187,066	\$ 241,237
Operating Grants and Contributions	61,374	25,065	0	0	61,374	25,065
Capital Grants and Contributions	0	0	0	0	0	0
General Revenues						
Property Taxes	54,486	56,519	0	0	54,486	56,519
State Shared Revenue	60,246	59,303	0	0	60,246	59,303
Unrestricted Investment Earnings	8,116	9,898	4,300	8,139	12,416	18,037
Other Revenue	<u>1,981</u>	<u>6,895</u>	<u>0</u>	<u>0</u>	<u>1,981</u>	<u>6,895</u>
Total Revenue	<u>\$ 220,935</u>	<u>\$ 213,766</u>	<u>\$ 156,634</u>	<u>\$ 193,290</u>	<u>\$ 377,569</u>	<u>\$ 407,056</u>
Program Expenses						
General Government	\$ 98,864	\$ 129,295	\$ 0	\$ 0	\$ 98,864	\$ 129,295
Public Safety	47,194	51,626	0	0	47,194	51,626
Streets and Highways	2,105	282	0	0	2,105	282
Culture and Recreation	2,475	2,066	0	0	2,475	2,066
Depreciation	19,262	19,261	0	0	19,262	19,261
Water Utility	0	0	64,225	63,545	64,225	63,545
Sewer Utility	<u>0</u>	<u>0</u>	<u>54,505</u>	<u>83,000</u>	<u>54,505</u>	<u>83,000</u>
Total Expenses	<u>\$ 169,900</u>	<u>\$ 202,530</u>	<u>\$ 118,730</u>	<u>\$ 146,545</u>	<u>\$ 288,630</u>	<u>\$ 349,075</u>
Change in Net Assets	<u>\$ 51,035</u>	<u>\$ 11,236</u>	<u>\$ 37,904</u>	<u>\$ 46,745</u>	<u>\$ 88,939</u>	<u>\$ 57,981</u>

*Governmental Activities* increased the Village's net assets by \$11,236.

Revenues from governmental activities totaled \$213,766. State shared revenue represented the largest portion of those revenues (28%), and property tax revenue represented 27% of the total.

The largest components of governmental activities' expenses were general government (64%) and public safety (26%). General government consists of Village Council, Administration, Fire protection, Cemetery, Parks, etc. Public safety includes fire.

*Business-type Activities* increased the Village's net assets by \$46,745. These net assets will be used to repay the debt on the sewer plant improvements, as well as planning for future improvements in the water and sewer systems.

*Component Unit Activities* - The LDFA is self-funded by use of captured tax revenues in accordance with State law and once capital improvements are made they become assets of the Village.

*Governmental Funds* - The focus of the Village's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of February 28, 2007, the Village's governmental funds reported combined ending fund balances of \$626,184. Of this total, the entire balance was unreserved, indicating availability for continuing Village service requirements.

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the General Fund showed a healthy fund balance of \$148,034. The other Major Governmental Funds include Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund. Of these funds, all but the Park Fund showed an increase in fund balance for the current fiscal year.

*Proprietary Funds* - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Village's proprietary funds consist of the Water Fund and the Sewer Fund. Total net assets of the Water and Sewer Funds were \$782,617 at February 28, 2007, an improvement of \$46,745 over the previous fiscal year.

**Major Governmental Funds Budgeting and Operating Highlights**

The Village did not amend the budgets for any of the funds for this fiscal year. Over-expenditures did result in the General Fund, Local Streets, and the Park Fund. The budget will be monitored closer in the future so that over-expenditure does not occur.

**Capital Asset and Debt Administration**

Capital assets at year-end were as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Totals</u>
Land	\$ 39,100	\$ 5,252	\$ 44,352
Buildings and Improvements	78,540	0	78,540
Construction in Progress	0	74,213	74,213
Facilities & Mains	0	1,427,918	1,427,918
Furniture and Equipment	299,921	0	299,921
Vehicles	288,724	0	288,724
Infrastructure	1,753,105	0	1,753,105
Less: Accumulated Depreciation	<u>(2,013,274)</u>	<u>(691,145)</u>	<u>(2,704,419)</u>
Total Capital Assets, net of depreciation	<u>\$ 446,116</u>	<u>\$ 816,238</u>	<u>\$ 1,262,354</u>

At February 28, 2007, the Village had \$431,000 in bonds outstanding, as shown below:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Totals</u>
Revenue Bonds	\$ 0	\$ 431,000	\$ 431,000
Total Long-Term Debt	<u>\$ 0</u>	<u>\$ 431,000</u>	<u>\$ 431,000</u>

**Factors Bearing on the Village's Future**

Due to continued cuts in revenue, the Village of Camden will have to be very cautious with spending to be able to remain within their budgets.

The Village is planning to put into effect a routine maintenance and replacement protocol for sewer and water. This will decrease the extra spending on emergency repairs.

The Fire Department began a more accurate billing system and is having good returns from the billings. This will reduce the amounts the Village has been paying to help maintain the Department.

Village of Camden, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended February 28, 2007

Our streets and sidewalk project is continuing with ACT 51 money from MDOT, including the last CD put in the bank this year with a 5% interest rate.

We are looking into several possible ways to appropriate funding for upkeep and maintenance improvements for our parks:

1. A possible small tax increase.
2. Fund raiser projects and events
3. Harvest and replanting of the Chester Park Woods.

**Contacting the Village's Financial Management**

This financial report is designed to provide a general overview of the Village of Camden's finances. Questions or comments concerning any of the information provided in this report should be addressed to Village of Camden, 103 S. Main Street, Camden, Michigan 49232.

## BASIC FINANCIAL STATEMENTS

**VILLAGE OF CAMDEN**  
**STATEMENT OF NET ASSETS**  
**FEBRUARY 28, 2007**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 641,706	\$ 348,027	\$ 989,733	\$ 60,926
Accounts Receivable	3,782	14,055	17,837	13,546
Taxes Receivable	0	0	0	3,142
Assessments Receivable	0	3,436	3,436	0
Due from Governmental Fund	0	40,580	40,580	0
Due from Other Governmental Units	40,207	0	40,207	0
Prepaid Expense	<u>7,305</u>	<u>1,120</u>	<u>8,425</u>	<u>0</u>
Total Current Assets	<u>\$ 693,000</u>	<u>\$ 407,218</u>	<u>\$ 1,100,218</u>	<u>\$ 77,614</u>
Noncurrent Assets				
Capital Assets				
Land	\$ 39,100	\$ 5,252	\$ 44,352	\$ 0
Construction in Progress	0	74,213	74,213	0
Buildings & Improvements	78,540	0	78,540	0
Facilities & Mains	0	1,427,918	1,427,918	0
Furniture & Equipment	299,921	0	299,921	0
Vehicles	288,724	0	288,724	0
Infrastructure	1,753,105	0	1,753,105	0
Less: Accumulated Depreciation	<u>(2,013,274)</u>	<u>(691,145)</u>	<u>(2,704,419)</u>	<u>0</u>
Total Noncurrent Assets	<u>\$ 446,116</u>	<u>\$ 816,238</u>	<u>\$ 1,262,354</u>	<u>\$ 0</u>
Total Assets	<u>\$ 1,139,116</u>	<u>\$ 1,223,456</u>	<u>\$ 2,362,572</u>	<u>\$ 77,614</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 24,412	\$ 1,758	\$ 26,170	\$ 0
Payroll Taxes Payable	1,824	0	1,824	0
Due to Enterprise Fund	40,580	0	40,580	0
Interest Payable	0	8,081	8,081	0
Current Portion of Long-Term Debt	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Current Liabilities	<u>\$ 66,816</u>	<u>\$ 14,839</u>	<u>\$ 81,655</u>	<u>\$ 0</u>
Noncurrent Liabilities				
Revenue Bonds Payable	<u>\$ 0</u>	<u>\$ 426,000</u>	<u>\$ 426,000</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 66,816</u>	<u>\$ 440,839</u>	<u>\$ 507,655</u>	<u>\$ 0</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 446,116	\$ 385,238	\$ 831,354	\$ 0
Restricted for:				
Debt Service	0	13,863	13,863	
Unrestricted	<u>626,184</u>	<u>383,516</u>	<u>1,009,700</u>	<u>77,614</u>
Total Net Assets	<u>\$ 1,072,300</u>	<u>\$ 782,617</u>	<u>\$ 1,854,917</u>	<u>\$ 77,614</u>
Total Liabilities and Net Assets	<u>\$ 1,139,116</u>	<u>\$ 1,223,456</u>	<u>\$ 2,362,572</u>	<u>\$ 77,614</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CAMDEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED FEBRUARY 28, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 129,295	\$ 0	\$ 0	\$ 0	\$(129,295)
Public Safety	51,626	56,086	0	0	4,460
Streets and Highways	282	0	25,065	0	24,783
Culture and Recreation	2,066	0	0	0	(2,066)
Depreciation - Unallocated	<u>19,261</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,261)</u>
Total Governmental Activities	<u>\$ 202,530</u>	<u>\$ 56,086</u>	<u>\$ 25,065</u>	<u>\$ 0</u>	<u>\$(121,379)</u>
Business-type Activities:					
Water	\$ 63,545	\$ 90,210	\$ 0	\$ 0	\$ 26,665
Sewer	<u>83,000</u>	<u>94,941</u>	<u>0</u>	<u>0</u>	<u>11,941</u>
Total Business-type Activities	<u>\$ 146,545</u>	<u>\$ 185,151</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,606</u>
Total Primary Government	<u>\$ 349,075</u>	<u>\$ 241,237</u>	<u>\$ 25,065</u>	<u>\$ 0</u>	<u>\$ (82,773)</u>
Component Units:					
Local Development Finance Authority	\$ 30	\$ 0	\$ 0	\$ 0	\$ (30)
Total Component Units	\$ 30	\$ 0	\$ 0	\$ 0	\$ (30)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Change in Net Assets:</b>				
Net (Expense) Revenue	<u>\$ (121,379)</u>	<u>\$ 38,606</u>	<u>\$ (82,773)</u>	<u>\$ (30)</u>
<b>General Revenue:</b>				
Property Taxes Levied for General Purposes	\$ 51,286	\$ 0	\$ 51,286	\$ 0
Property Taxes Levied for Cemetery	5,233	0	5,233	0
Property Taxes Captured	0	0	0	5,990
State Shared Revenue	59,303	0	59,303	0
Unrestricted Investment Income	9,898	8,139	18,037	806
Miscellaneous	<u>6,895</u>	<u>0</u>	<u>6,895</u>	<u>0</u>
Total General Revenue	<u>\$ 132,615</u>	<u>\$ 8,139</u>	<u>\$ 140,754</u>	<u>\$ 6,796</u>
Change in Net Assets	<u>\$ 11,236</u>	<u>\$ 46,745</u>	<u>\$ 57,981</u>	<u>\$ 6,766</u>
Net Assets - Beginning	<u>1,061,064</u>	<u>735,872</u>	<u>1,796,936</u>	<u>70,848</u>
Net Assets - Ending	<u>\$ 1,072,300</u>	<u>\$ 782,617</u>	<u>\$ 1,854,917</u>	<u>\$ 77,614</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FEBRUARY 28, 2007

	General	Major Streets	Local Streets	Fire Fund	Cemetery Fund	Park Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash & Cash Equivalents	\$ 131,041	\$ 246,356	\$ 44,972	\$ 124,061	\$ 83,698	\$ 11,578	\$ 641,706
Accounts Receivable	3,566	0	0	0	216	0	3,782
Due from Other Funds	48,382	0	4,381	0	235	0	52,998
Due from Other Governmental Units	27,906	8,126	3,116	0	1,059	0	40,207
Prepaid Expense	<u>2,665</u>	<u>640</u>	<u>320</u>	<u>3,200</u>	<u>240</u>	<u>240</u>	<u>7,305</u>
Total Assets	<u>\$ 213,560</u>	<u>\$ 255,122</u>	<u>\$ 52,789</u>	<u>\$ 127,261</u>	<u>\$ 85,448</u>	<u>\$ 11,818</u>	<u>\$ 745,998</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ 22,887	0	0	\$ 525	0	\$ 1,000	\$ 24,412
Due to Other Funds	40,815	7,507	1,563	37,219	0	6,474	93,578
Payroll Taxes Payable	<u>1,824</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,824</u>
Total Liabilities	<u>\$ 65,526</u>	<u>\$ 7,507</u>	<u>\$ 1,563</u>	<u>\$ 37,744</u>	<u>\$ 0</u>	<u>\$ 7,474</u>	<u>\$ 119,814</u>
<b>FUND BALANCES</b>							
Unreserved, reported in:							
General Fund	\$ 148,034	0	0	0	0	0	\$ 148,034
Special Revenue Funds	<u>0</u>	<u>247,615</u>	<u>51,226</u>	<u>89,517</u>	<u>85,448</u>	<u>4,344</u>	<u>478,150</u>
Total Fund Balances	<u>\$ 148,034</u>	<u>\$ 247,615</u>	<u>\$ 51,226</u>	<u>\$ 89,517</u>	<u>\$ 85,448</u>	<u>\$ 4,344</u>	<u>\$ 626,184</u>
Total Liabilities and Fund Balances	<u>\$ 213,560</u>	<u>\$ 255,122</u>	<u>\$ 52,789</u>	<u>\$ 127,261</u>	<u>\$ 85,448</u>	<u>\$ 11,818</u>	<u>\$ 745,998</u>



VILLAGE OF CAMDEN  
Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
February 28, 2007

Fund Balances - total governmental funds	\$ 626,184
--	------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds.

Add: Capital assets	2,459,390
Deduct: Accumulated depreciation	<u>(2,013,274)</u>

Net assets of governmental activities	<u>\$ 1,072,300</u>
---------------------------------------	---------------------

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	General	Major Streets	Local Streets	Fire Fund
<b>REVENUE</b>				
Property Taxes	\$ 51,286	\$ 0	\$ 0	\$ 0
State Shared Revenue	59,303	17,523	7,542	0
Charges for Services	0	0	0	56,086
Interest Income	3,486	3,212	66	471
Miscellaneous Income	<u>3,090</u>	<u>0</u>	<u>0</u>	<u>3,100</u>
Total Revenue	<u>\$ 117,165</u>	<u>\$ 20,735</u>	<u>\$ 7,608</u>	<u>\$ 59,657</u>
<b>EXPENDITURES</b>				
General Government				
Advertising	\$ 1,467	\$ 0	\$ 294	\$ 0
Maintenance & Repair	21,284	124	2,260	0
Utilities and Telephone	17,024	0	0	0
Insurance	13,932	1,114	557	0
Professional Services	13,002	0	0	0
Dues	588	0	0	0
Office Supplies	2,256	0	0	0
Payroll Expense	48,241	0	0	0
Miscellaneous Expense	2,441	37	38	0
Elections	1,392	0	0	0
Culture & Recreation	0	0	0	0
Public Safety	0	0	0	22,119
Highway & Streets	0	0	282	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 121,627</u>	<u>\$ 1,275</u>	<u>\$ 3,431</u>	<u>\$ 22,119</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (4,462)</u>	<u>\$ 19,460</u>	<u>\$ 4,177</u>	<u>\$ 37,538</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	\$ 8,000	\$ 0	\$ 4,381	\$ 6,800
Operating Transfers Out	<u>(6,800)</u>	<u>(6,381)</u>	<u>(1,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 1,200</u>	<u>\$ (6,381)</u>	<u>\$ 3,381</u>	<u>\$ 6,800</u>
NET CHANGE IN FUND BALANCES	\$ (3,262)	\$ 13,079	\$ 7,558	\$ 44,338
FUND BALANCES - Beginning	<u>151,296</u>	<u>234,536</u>	<u>43,668</u>	<u>45,179</u>
FUND BALANCES - Ending	<u>\$ 148,034</u>	<u>\$ 247,615</u>	<u>\$ 51,226</u>	<u>\$ 89,517</u>

The accompanying notes are an integral part of this statement.

Cemetery Fund	Park Fund	Total Governmental Funds
\$ 5,233	\$ 0	\$ 56,519
0	0	84,368
0	0	56,086
2,488	175	9,898
656	50	6,896
<u>\$ 8,377</u>	<u>\$ 225</u>	<u>\$ 213,767</u>

\$ 0	\$ 0	\$ 1,761
2,827	0	26,495
0	0	17,024
417	0	16,020
0	0	13,002
0	0	588
0	0	2,256
0	0	48,241
0	0	2,516
0	0	1,392
0	418	418
0	0	22,119
0	0	282
0	0	0
<u>\$ 3,244</u>	<u>\$ 418</u>	<u>\$ 152,114</u>

<u>\$ 5,133</u>	<u>\$ (193)</u>	<u>\$ 61,653</u>
-----------------	-----------------	------------------

\$ 0	\$ 0	\$ 19,181
<u>(5,000)</u>	<u>0</u>	<u>(19,181)</u>

<u>\$ (5,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>
-------------------	-------------	-------------

\$ 133	\$ (193)	\$ 61,653
<u>85,315</u>	<u>4,537</u>	<u>564,531</u>
<u>\$ 85,448</u>	<u>\$ 4,344</u>	<u>\$ 626,184</u>

VILLAGE OF CAMDEN  
Reconciliation of Statement of Revenue, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended February 28, 2007

Net changes in fund balances - total governmental funds	\$ 61,653
---	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital outlay	0
---------------------	---

Deduct: Depreciation expense	<u>(50,417)</u>
------------------------------	-----------------

Change in net assets of governmental activities	<u>\$ 11,236</u>
---	------------------

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FEBRUARY 28, 2007

	<u>Water</u>	<u>Sewer</u>	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 157,521	\$ 81,840	\$ 239,361
Accounts Receivable	6,834	7,221	14,055
Assessments Receivable	1,649	1,787	3,436
Due from Other Funds	39,900	933	40,833
Prepaid Expense	<u>560</u>	<u>560</u>	<u>1,120</u>
Total Current Assets	<u>\$ 206,464</u>	<u>\$ 92,341</u>	<u>\$ 298,805</u>
Restricted Assets			
Bond Interest and Redemption Accounts	\$ 401	\$ 94,402	\$ 94,803
Bond Reserve Accounts	<u>201</u>	<u>13,662</u>	<u>13,863</u>
Total Restricted Assets	<u>\$ 602</u>	<u>\$ 108,064</u>	<u>\$ 108,666</u>
Noncurrent Assets			
Capital Assets - Not Depreciated	\$ 0	\$ 79,465	\$ 79,465
Other Capital Assets, Net of Accumulated Depreciation	<u>244,485</u>	<u>492,288</u>	<u>736,773</u>
Total Noncurrent Assets	<u>\$ 244,485</u>	<u>\$ 571,753</u>	<u>\$ 816,238</u>
Total Assets	<u>\$ 451,551</u>	<u>\$ 772,158</u>	<u>\$ 1,223,709</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 963	\$ 795	\$ 1,758
Due to Other Funds	<u>0</u>	<u>253</u>	<u>253</u>
Total Current Liabilities	<u>\$ 963</u>	<u>\$ 1,048</u>	<u>\$ 2,011</u>
Liabilities Payable from Restricted Assets			
Accrued Interest Payable	\$ 0	\$ 8,081	\$ 8,081
Revenue Bonds - Current	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 13,081</u>	<u>\$ 13,081</u>
Noncurrent Liabilities			
Revenue Bonds Payable	<u>\$ 0</u>	<u>\$ 426,000</u>	<u>\$ 426,000</u>
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 426,000</u>	<u>\$ 426,000</u>
Total Liabilities	<u>\$ 963</u>	<u>\$ 440,129</u>	<u>\$ 441,092</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 244,485	\$ 140,753	\$ 385,238
Restricted for Bond Reserve	201	13,662	13,863
Unrestricted	<u>205,902</u>	<u>177,614</u>	<u>383,516</u>
Total Net Assets	<u>\$ 450,588</u>	<u>\$ 332,029</u>	<u>\$ 782,617</u>
Total Liabilities and Net Assets	<u>\$ 451,551</u>	<u>\$ 772,158</u>	<u>\$ 1,223,709</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUE			
Sales	\$ 85,331	\$ 91,473	\$ 176,804
Special Assessments	<u>4,879</u>	<u>3,468</u>	<u>8,347</u>
Total Operating Revenue	<u>\$ 90,210</u>	<u>\$ 94,941</u>	<u>\$ 185,151</u>
OPERATING EXPENSES			
Professional Services	\$ 0	\$ 600	\$ 600
Contracted Services	10,432	8,947	19,379
Insurance	975	975	1,950
Utilities	2,604	3,261	5,865
Advertising	269	0	269
Depreciation	11,805	25,627	37,432
Maintenance & Repair	36,127	22,834	58,961
Fees	927	429	1,356
Miscellaneous Expense	<u>406</u>	<u>913</u>	<u>1,319</u>
Total Operating Expenses	<u>\$ 63,545</u>	<u>\$ 63,586</u>	<u>\$ 127,131</u>
OPERATING INCOME (LOSS)	<u>\$ 26,665</u>	<u>\$ 31,355</u>	<u>\$ 58,020</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest Income	\$ 3,095	\$ 5,043	\$ 8,138
Interest Expense	<u>0</u>	<u>(19,414)</u>	<u>(19,414)</u>
Total Non-operating Revenue (Expense)	<u>\$ 3,095</u>	<u>\$ (14,371)</u>	<u>\$ (11,276)</u>
Income (Loss) Before Transfers	<u>\$ 29,760</u>	<u>\$ 16,984</u>	<u>\$ 46,744</u>
Transfers From Other Funds	\$ 0	\$ 0	\$ 0
Transfers To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	\$ 29,760	\$ 16,984	\$ 46,744
NET ASSETS - Beginning	<u>420,828</u>	<u>315,045</u>	<u>735,873</u>
NET ASSETS - Ending	<u>\$ 450,588</u>	<u>\$ 332,029</u>	<u>\$ 782,617</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 89,528	\$ 94,784	\$ 184,312
Cash payments to suppliers for goods and services	<u>(55,152)</u>	<u>(38,107)</u>	<u>(93,259)</u>
Net cash provided (used) by operating activities	<u>\$ 34,376</u>	<u>\$ 56,677</u>	<u>\$ 91,053</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Receipts under Interfund Loan Agreements	\$ 0	\$ 253	\$ 253
Payments under Interfund Loan Agreements	<u>(811)</u>	<u>(778)</u>	<u>(1,589)</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (811)</u>	<u>\$ (525)</u>	<u>\$ (1,336)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds	\$ 0	\$ (5,000)	\$ (5,000)
Interest paid on bonds	0	(19,508)	(19,508)
Acquisition of Capital Assets	<u>0</u>	<u>(120,333)</u>	<u>(120,333)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 0</u>	<u>\$(144,841)</u>	<u>\$(144,841)</u>
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>			
Investment income	<u>\$ 3,095</u>	<u>\$ 5,043</u>	<u>\$ 8,138</u>
Net cash provided (used) by investment activities	<u>\$ 3,095</u>	<u>\$ 5,043</u>	<u>\$ 8,138</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 36,660</u>	<u>\$ (83,646)</u>	<u>\$ (46,986)</u>
<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u>121,463</u>	<u>273,550</u>	<u>395,013</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u><u>\$ 158,123</u></u>	<u><u>\$ 189,904</u></u>	<u><u>\$ 348,027</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	<u>\$ 26,665</u>	<u>\$ 31,355</u>	<u>\$ 58,020</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 11,805	\$ 25,627	\$ 37,432
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(682)	(157)	(839)
(Increase) decrease in prepaid expense	15	15	30
Increase (decrease) in accounts payable	<u>(3,427)</u>	<u>(163)</u>	<u>(3,590)</u>
Total adjustments	<u>\$ 7,711</u>	<u>\$ 25,322</u>	<u>\$ 33,033</u>
Net cash provided (used) by operating activities	<u><u>\$ 34,376</u></u>	<u><u>\$ 56,677</u></u>	<u><u>\$ 91,053</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAMDEN  
STATEMENT OF NET ASSETS  
COMPONENT UNIT  
FEBRUARY 28, 2007

	LDEA
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 60,926
Accounts Receivable	13,546
Taxes Receivable	<u>3,142</u>
Total Assets	<u>\$ 77,614</u>
LIABILITIES	
Current Liabilities	\$ <u>0</u>
NET ASSETS	
Unrestricted	<u>\$ 77,614</u>
Total Net Assets	<u>\$ 77,614</u>
Total Liabilities and Net Assets	<u>\$ 77,614</u>

See accompanying notes to the basic financial statements.



VILLAGE OF CAMDEN  
STATEMENT OF ACTIVITIES  
COMPONENT UNIT  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>LDFA</u>
EXPENSES	
Miscellaneous	\$ <u>30</u>
PROGRAM REVENUE	
Charges for Services	\$ <u>0</u>
NET (EXPENSE) REVENUE	\$ <u>(30)</u>
GENERAL REVENUE	
Property Tax	\$ 5,990
Interest Income	<u>806</u>
Total General Revenue	\$ <u>6,796</u>
CHANGE IN NET ASSETS	\$ 6,766
NET ASSETS - Beginning	<u>70,848</u>
NET ASSETS - Ending	<u><u>\$ 77,614</u></u>

See accompanying notes to the basic financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Camden comprises a population of approximately 550 residents in Hillsdale County, Michigan. It is governed by a seven-member council with a president as its head. As required by generally accepted accounting principles, these financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Village (as distinct from legal relationships).

The following component units are reported in the Village's financial statements:

- The Local Development Finance Authority (LDFA) was created under Public Act 281 of 1986 of the State of Michigan. The LDFA's purpose is to work towards the elimination of the causes of unemployment, underemployment and joblessness, and to promote economic growth in the Village of Camden.

The Village appoints the majority of the Boards of Directors of the LDFA. The LDFA's budget requires the Village's approval, and its main revenue source (tax increment financing) is a financial burden to the Village.

The accounting policies of Village of Camden conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies used by Village of Camden:

**Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements - The statement of net assets and the statement of activities display financial information about the Village as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by property taxes and Village general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, State Revenue Sharing, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village departments. Proprietary fund and component unit financial statements also report using this same focus and basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes, State revenue sharing, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements.

**Financial Statement Presentation**

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. Major Streets, Local Streets, Fire Fund, Cemetery Fund, and Park Fund).

The Village reports the following major enterprise funds:

Water Utilities Fund - accounts for the operating activities of the Village's water utilities services.

Sewer Utilities Fund - accounts for the operating activities of the Village's sewer utilities services.

**Assets, Liabilities, and Net Assets**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 50 years
Furniture & Equipment	5 - 20 years
Vehicles	8 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Village Council at the line-item level. Any budgetary modifications may only be made by resolution of the Village Council. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to February 28, the Village Council proposes an operating budget for the fiscal year commencing on March 1.
- 2) A public hearing is conducted during February to obtain taxpayer comments.
- 3) Prior to February 28, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the Village, transfer of appropriations may be made by the authorization of the Village Council.
- 5) The Village Council is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year ended February 28, 2007, the Village incurred expenditures in certain budgetary funds that were in excess of the amount appropriated. These variances are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Advertising	\$ 300	\$ 1,467	\$ 1,167
Maintenance and Repair	15,300	21,284	5,984
Insurance	6,500	13,932	7,432
Professional Services	5,450	13,002	7,552
Payroll Expense	47,000	48,241	1,241
Miscellaneous Expense	900	2,441	1,541
Elections	0	1,392	1,392
Operating Transfers Out	1,800	6,800	5,000

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Local Streets Fund			
Administration	\$ 2,800	\$ 3,149	\$ 349
Park Fund			
Culture and Recreation	0	418	418

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes authorize the Village to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of February 28, 2007, the Village's deposits are in accordance with statutory authority.

The Village's deposits and investments are subject to several types of risk, which re examined in more detail as follows:

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village minimizes credit risk by limiting investments to the types of securities allowed by State law. The Village has no policy that would further limits its investment choices.

*Concentration of Credit Risk* - The Village places no limit on the amount the Village may invest in any one issuer.

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a formal policy for custodial credit risk. At February 28, 2007, the carrying amount of the Village's bank deposits was \$989,074 and the bank's balance was \$1,072,317. Of the total bank balance, \$323,228 was covered by federal depository insurance and \$749,089 was uninsured. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

*Interest Rate Risk* - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Village has no policy that specifically identifies interest rate risk.

*Foreign Currency Risk* - The Village is not authorized to invest in investments which have this type of risk.

**NOTE 4 - RECEIVABLES**

Receivables at February 28, 2007, consist of State revenue sharing, State highway contract revenue, utility and other receivables. All receivables are considered collectible in full due to the ability to lien for the nonpayment of utility bills and the stable condition of State programs.

**VILLAGE OF CAMDEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2007**

**NOTE 4 - RECEIVABLES (continued)**

A summary of the principal items of receivables follows:

	General Fund	Major Street	Local Street	Cemetery Fund	Proprietary Funds	Total
State Revenue Sharing	\$ 17,843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,843
State Highway Contract	0	8,126	3,116	0	0	11,242
Utility Customers	0	0	0	0	17,491	17,491
Property Taxes Receivable	10,063	0	0	1,059	0	11,122
Other Receivables	<u>3,566</u>	<u>0</u>	<u>0</u>	<u>216</u>	<u>0</u>	<u>3,782</u>
Total	<u>\$ 31,472</u>	<u>\$ 8,126</u>	<u>\$ 3,116</u>	<u>\$ 1,275</u>	<u>\$ 17,491</u>	<u>\$ 61,480</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended February 28, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 39,100	\$ 0	\$ 0	\$ 39,100
Capital assets being depreciated				
Buildings & Improvements	\$ 78,540	\$ 0	\$ 0	\$ 78,540
Furniture & Equipment	299,921	0	0	299,921
Vehicles	288,724	0	0	288,724
Infrastructure	1,753,105	0	0	1,753,105
Less accumulated depreciation	<u>(1,962,857)</u>	<u>(50,417)</u>	<u>0</u>	<u>(2,013,274)</u>
Total capital assets being depreciated, net	<u>\$ 457,433</u>	<u>\$ (50,417)</u>	<u>\$ 0</u>	<u>\$ 407,016</u>
Governmental Activities				
Total capital assets, net	<u>\$ 496,533</u>	<u>\$ (50,417)</u>	<u>\$ 0</u>	<u>\$ 446,116</u>
<b><u>Business-Type Activities</u></b>				
Capital assets not being depreciated				
Land	\$ 5,252	\$ 0	\$ 0	\$ 5,252
Construction in Progress	<u>0</u>	<u>74,213</u>	<u>0</u>	<u>74,213</u>
Total capital assets not being depreciated	<u>\$ 5,252</u>	<u>\$ 74,213</u>	<u>\$ 0</u>	<u>\$ 79,465</u>
Capital assets being depreciated				
Facilities & Mains	\$ 1,381,798	\$ 46,120	\$ 0	\$ 1,427,918
Less accumulated depreciation	<u>(653,712)</u>	<u>(37,433)</u>	<u>0</u>	<u>(691,145)</u>
Total capital assets being depreciated, net	<u>\$ 728,086</u>	<u>\$ 8,687</u>	<u>\$ 0</u>	<u>\$ 736,773</u>
Business-Type Activities				
Total capital assets, net	<u>\$ 733,338</u>	<u>\$ 82,900</u>	<u>\$ 0</u>	<u>\$ 816,238</u>
<b>PRIMARY GOVERNMENT</b>				
Total capital assets, net	<u>\$ 1,229,871</u>	<u>\$ 32,483</u>	<u>\$ 0</u>	<u>\$ 1,262,354</u>



VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances at February 28, 2007, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 37,219	Fire Fund	\$ 37,219
	6,474	Park Fund	6,474
	3,126	Major Streets Fund	3,126
	1,563	Local Streets Fund	1,563
Water Fund	39,647	General Fund	39,647
	253	Sewer Fund	253
Sewer Fund	933	General Fund	933
Cemetery Fund	235	General Fund	235
Local Streets Fund	<u>4,381</u>	Major Streets Fund	<u>4,381</u>
	<u>\$ 93,831</u>		<u>\$ 93,831</u>

The amounts due from the Major Streets, Local Streets Fund, Fire Fund, and the Park Fund to the General Fund represent invoices paid by the General Fund on behalf of these other funds in prior fiscal years. The amount shown as due from the General Fund to the Cemetery Fund represents tax collections due to the Cemetery Fund. The amount due from the General Fund to the Sewer Fund represents special assessments collected by the General Fund and not paid to the Sewer Fund. The amount due from the General Fund to The Water Fund represents a transfer made in the 2005-06 fiscal year in error. The amount due from the Major Street Fund to the Local Street Fund represents the end of year transfer that was not made.

Interfund transfers during the year consisted of the following:

	<u>Transfer From</u>				
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Cemetery Fund</u>	<u>Total</u>
Transfer to:					
Fire Fund	\$ 6,800	\$ 0	\$ 0	\$ 0	\$ 6,800
General Fund	0	2,000	1,000	5,000	8,000
Local Streets Fund	<u>0</u>	<u>4,381</u>	<u>0</u>	<u>0</u>	<u>4,381</u>
Total	<u>\$ 6,800</u>	<u>\$ 6,381</u>	<u>\$ 1,000</u>	<u>\$ 5,000</u>	<u>\$ 19,181</u>

Transfers are used to (1) account for overhead services provided by the general fund to other funds, (2) move revenues from the fund that statute requires to collect them to the fund that budget requires to expend them, and (3) to provide for future acquisition of assets.

**NOTE 7 - LONG-TERM DEBT**

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Revenue Bonds - The Village has a bond issue with the United States Department of Agriculture which funded the sewer project. This is a revenue bond issue, whereby revenue derived from the utility system is used to pay the debt service.

**VILLAGE OF CAMDEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2007**

**NOTE 7 - LONG-TERM DEBT (continued)**

The following is a summary of changes in long-term debt for the year ended February 28, 2007:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Revenue Bonds - Sewer Fund	\$ 436,000	\$ 0	\$ 5,000	\$ 431,000

Annual debt service requirements to maturity as of February 28, 2007, are as follows:

Sewer Fund - \$ 525,000 Revenue Bond Issue, interest rate 4.5%

<u>Year ending</u> <u>February 28</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 5,000	\$ 19,282	\$ 24,282
2009	5,000	19,058	24,058
2010	5,000	18,833	23,833
2011	6,000	18,585	24,585
2012	6,000	18,315	24,315
2013-2017	33,000	87,324	120,324
2018-2022	42,000	78,885	120,885
2023-2027	52,000	68,310	120,310
2028-2032	66,000	55,125	121,125
2033-2037	82,000	38,565	120,565
2038-2042	105,000	17,663	122,663
2043	<u>24,000</u>	<u>540</u>	<u>24,540</u>
Totals	<u>\$ 431,000</u>	<u>\$ 440,485</u>	<u>\$ 871,485</u>

**NOTE 8 - PROPERTY TAXES**

Real estate and personal property taxes are recorded as revenue in amounts equal to the total taxes levied. The total levy for 2006 was 9.4903 mills - 8.5867 mills allocated to General Fund, and 0.90360 mills allocated to Cemetery Fund. The 2006 total state taxable value was approximately \$5,791,000. Village properties are assessed as of July 31 (the lien date) - taxes levied July 1 of the succeeding year and are due without interest to September 15. After the final collection date, unpaid real property taxes are added to the county delinquent tax rolls. Personal property taxes unpaid continue to be collected by the Village Treasurer.

**NOTE 9 - SEGMENT INFORMATION**

The Village issues separate revenue bonds to finance its sewer department. The fund financial statements report major funds with revenue - supported debt for the sewer fund. Services provided by this fund are described in Note 1.

**NOTE 10 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Village has purchased commercial insurance for each of these areas of risk. There have been no significant reductions in insurance coverages, and settled claims have not exceeded the amount of insurance coverage for the current or the three prior years.

VILLAGE OF CAMDEN  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 28, 2007

**NOTE 11 - ENVIRONMENTAL REMEDIATION**

During the past six years, the Village has been working with the State of Michigan Department of Environmental Quality (DEQ) and contracted engineers on a sewer lagoon project in response to overflows occurring with its sewer lagoon. During the course of the project the Village has been penalized \$25,000 by the DEQ for failure to comply with project deadlines. A penalty of \$12,500 was paid in the 2001-02 fiscal year, \$10,000 in the 2002-2003 fiscal year, and \$2,500 in the 2004-05 fiscal year. A two-phase project was instituted to correct the problem. Phase I of the project which consisted of sealing joints, repairing manholes, upgrading storm sewers, and repairing the lagoon fields has been completed. The Village is working towards implementation of Phase II of the project which will include additions to the existing lagoon system, installation of water meters, and upgrades to the system pump stations.

## REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 53,250	\$ 53,250	\$ 51,286	\$ (1,964)
State Shared Revenue	42,650	42,650	59,303	16,653
Interest	3,500	3,500	3,486	(14)
Miscellaneous	<u>600</u>	<u>600</u>	<u>3,090</u>	<u>2,490</u>
Total Revenue	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 117,165</u>	<u>\$ 17,165</u>
EXPENDITURES				
General Government				
Advertising	\$ 300	\$ 300	\$ 1,467	\$ 1,167
Maintenance and Repair	15,300	15,300	21,284	5,984
Utilities and Telephone	17,100	17,100	17,024	(76)
Insurance	6,500	6,500	13,932	7,432
Professional Services	5,450	5,450	13,002	7,552
Dues	650	650	588	(62)
Office Supplies	5,000	5,000	2,256	(2,744)
Payroll Expense	47,000	47,000	48,241	1,241
Miscellaneous Expense	900	900	2,441	1,541
Elections	0	0	1,392	1,392
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 98,200</u>	<u>\$ 98,200</u>	<u>\$ 121,627</u>	<u>\$ 23,427</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ (4,462)</u>	<u>\$ (6,262)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 8,000	\$ 8,000
Operating Transfers Out	<u>(1,800)</u>	<u>(1,800)</u>	<u>(6,800)</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>\$ (1,800)</u>	<u>\$ (1,800)</u>	<u>\$ 1,200</u>	<u>\$ 3,000</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ (3,262)	\$ (3,262)
FUND BALANCES - Beginning	<u>151,296</u>	<u>151,296</u>	<u>151,296</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 151,296</u>	<u>\$ 151,296</u>	<u>\$ 148,034</u>	<u>\$ (3,262)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR STREETS FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>			Actual Over (Under) <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
State Shared Revenue	\$ 30,000	\$ 30,000	\$ 17,523	\$ (12,477)
Interest	<u>100</u>	<u>100</u>	<u>3,212</u>	<u>3,112</u>
Total Revenue	<u>\$ 30,100</u>	<u>\$ 30,100</u>	<u>\$ 20,735</u>	<u>\$ (9,365)</u>
EXPENDITURES				
Routine Maintenance	\$ 16,950	\$ 16,950	\$ 0	\$ (16,950)
Administration	<u>4,900</u>	<u>4,900</u>	<u>1,275</u>	<u>(3,625)</u>
Total Expenditures	<u>\$ 21,850</u>	<u>\$ 21,850</u>	<u>\$ 1,275</u>	<u>\$ (20,575)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 19,460</u>	<u>\$ 11,210</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(8,250)</u>	<u>(8,250)</u>	<u>(6,381)</u>	<u>1,869</u>
Total Other Financing Sources (Uses)	<u>\$ (8,250)</u>	<u>\$ (8,250)</u>	<u>\$ (6,381)</u>	<u>\$ 1,869</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ 13,079	\$ 13,079
FUND BALANCES - Beginning	<u>234,536</u>	<u>234,536</u>	<u>234,536</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 234,536</u>	<u>\$ 234,536</u>	<u>\$ 247,615</u>	<u>\$ 13,079</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
LOCAL STREETS FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
State Shared Revenue	\$ 10,000	\$ 10,000	\$ 7,542	\$ (2,458)
Interest	<u>100</u>	<u>100</u>	<u>66</u>	<u>(34)</u>
Total Revenue	<u>\$ 10,100</u>	<u>\$ 10,100</u>	<u>\$ 7,608</u>	<u>\$ (2,492)</u>
EXPENDITURES				
Routine Maintenance	\$ 15,550	\$ 15,550	\$ 282	\$ (15,268)
Administration	<u>2,800</u>	<u>2,800</u>	<u>3,149</u>	<u>349</u>
Total Expenditures	<u>\$ 18,350</u>	<u>\$ 18,350</u>	<u>\$ 3,431</u>	<u>\$ (14,919)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (8,250)</u>	<u>\$ (8,250)</u>	<u>\$ 4,177</u>	<u>\$ 12,427</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 8,250	\$ 8,250	\$ 4,381	\$ (3,869)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(1,000)</u>	<u>(1,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 3,381</u>	<u>\$ (4,869)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,558</u>	<u>\$ 7,558</u>
FUND BALANCES - Beginning	<u>43,668</u>	<u>43,668</u>	<u>43,668</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 43,668</u>	<u>\$ 43,668</u>	<u>\$ 51,226</u>	<u>\$ 7,558</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FIRE FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Charges for Services	\$ 38,886	\$ 38,886	\$ 56,086	\$ 17,200
Interest	164	164	471	307
Miscellaneous	<u>0</u>	<u>0</u>	<u>3,100</u>	<u>3,100</u>
Total Revenue	<u>\$ 39,050</u>	<u>\$ 39,050</u>	<u>\$ 59,657</u>	<u>\$ 20,607</u>
EXPENDITURES				
Public Safety	\$ 40,850	\$ 40,850	\$ 22,119	\$ (18,731)
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Total Expenditures	<u>\$ 45,850</u>	<u>\$ 45,850</u>	<u>\$ 22,119</u>	<u>\$ (23,731)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (6,800)</u>	<u>\$ (6,800)</u>	<u>\$ 37,538</u>	<u>\$ 44,338</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 6,800	\$ 6,800	\$ 6,800	\$ 0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 6,800</u>	<u>\$ 6,800</u>	<u>\$ 6,800</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,338</u>	<u>\$ 44,338</u>
FUND BALANCES - Beginning	<u>45,179</u>	<u>45,179</u>	<u>45,179</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 45,179</u></u>	<u><u>\$ 45,179</u></u>	<u><u>\$ 89,517</u></u>	<u><u>\$ 44,338</u></u>

The accompanying notes are an integral part of this statement.



VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CEMETERY FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>			Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Property Taxes	\$ 3,550	\$ 3,550	\$ 5,233	\$ 1,683
Interest	600	600	2,488	1,888
Miscellaneous	<u>0</u>	<u>0</u>	<u>656</u>	<u>656</u>
Total Revenue	<u>\$ 4,150</u>	<u>\$ 4,150</u>	<u>\$ 8,377</u>	<u>\$ 4,227</u>
EXPENDITURES				
Maintenance and Repair	\$ 3,700	\$ 3,700	\$ 2,827	\$ (873)
Insurance	<u>450</u>	<u>450</u>	<u>417</u>	<u>(33)</u>
Total Expenditures	<u>\$ 4,150</u>	<u>\$ 4,150</u>	<u>\$ 3,244</u>	<u>\$ (906)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,133</u>	<u>\$ 5,133</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(5,000)</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 133</u>	<u>\$ 133</u>
FUND BALANCES - Beginning	<u>85,315</u>	<u>85,315</u>	<u>85,315</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 85,315</u>	<u>\$ 85,315</u>	<u>\$ 85,448</u>	<u>\$ 133</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF CAMDEN  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PARK FUND  
FOR THE YEAR ENDED FEBRUARY 28, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Interest	\$ 0	\$ 0	\$ 175	\$ 175
Miscellaneous	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
Total Revenue	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 225</u>	<u>\$ 225</u>
EXPENDITURES				
Culture and Recreation	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 418</u>	<u>\$ 418</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (193)</u>	<u>\$ (193)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ (193)	\$ (193)
FUND BALANCES - Beginning	<u>4,537</u>	<u>4,537</u>	<u>4,537</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 4,537</u>	<u>\$ 4,537</u>	<u>\$ 4,344</u>	<u>\$ (193)</u>

The accompanying notes are an integral part of this statement.

# Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET  
P.O. BOX 215  
JONESVILLE, MI 49250

PHONE: (517) 849-2410  
FAX: (517) 849-2493  
E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council  
Village of Camden  
Camden, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Camden, as of and for the year ended February 28, 2007, which collectively comprise the Village of Camden's basic financial statements and have issued our report thereon dated August 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Camden's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Camden's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Camden's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed above, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Camden's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Camden's financial statements that is more than inconsequential will not be prevented or detected by the Village of Camden's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting.

### Financial Statement Preparation

The Village does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenue and expenditures, to track changes in capital assets, and to present required financial statement

disclosures. We recognize the time and expense that would be required to obtain the necessary training and expertise to perform this task internally. We recommend that you continue to carefully review the draft financial statements and notes prepared by your external auditors prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Camden's internal control.

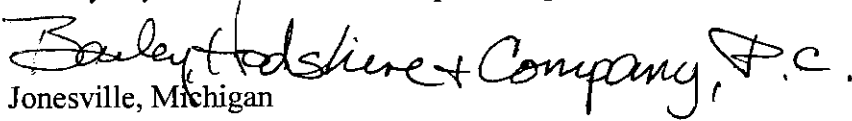
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we do consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Camden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Village of Camden, in a separate letter dated August 14, 2007.

This report is intended solely for the information and use of management, the audit committee, the Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Jonesville, Michigan  
August 14, 2007

# Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET  
P.O. BOX 215  
JONESVILLE, MI 49250

PHONE: (517) 849-2410

FAX: (517) 849-2493

August 14, 2007

E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

To Village Council  
Village of Camden  
Camden, Michigan

As a result of our audit of the financial statements of Village of Camden as of and for the year ended February 28, 2007, we would like to make the following comments and recommendations:

1. During the year the following accounts had expenditures in excess of budgeted amounts, which is a violation of State of Michigan budgeting laws:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Advertising	\$ 300	\$ 1,467	\$ 1,167
Maintenance and Repair	15,300	21,284	5,984
Insurance	6,500	13,932	7,432
Professional Services	5,450	13,002	7,552
Payroll Expense	47,000	48,241	1,241
Miscellaneous Expense	900	2,441	1,541
Elections	0	1,392	1,392
Operating Transfers Out	1,800	6,800	5,000
Local Streets Fund			
Administration	2,800	3,149	349
Park Fund			
Culture and Recreation	0	418	418

2. Act 51 reports need to be filed timely with the State of Michigan. These reports are very delinquent and the State of Michigan is holding funds of the Village.
3. A budget needs to be adopted annually for the Parks Fund.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

*Bailey Hodshire & Company, P.C.*  
Bailey, Hodshire & Company, P.C.  
Certified Public Accountants